

Examples Supporting Observation #13

| Contract # | Project | Category | Amount | Notes |
|------------|---|--|-----------|--|
| C2012-36 | Tempe Town Lake Downstream Dam Replacement | Invoices paid with no detailed support | \$198,681 | No detailed support for sub consultant costs and other expenses obtained by Engineering prior to paying invoice. Once Internal Audit brought this to Engineering's attention, they requested and received supporting documentation from the contractor. However, the detailed support was not received/reviewed prior to payment. |
| C2011-184 | JOC Contract for Paving and Resurfacing of Streets and City Facilities. | No support for change orders 1 & 2. | \$5,119 | The 2 change orders processed for \$5,119 had no detailed supporting documentation. Once Internal Audit brought this to Engineering's attention, they requested and received supporting documentation from the contractor. However, the detailed support was not received/reviewed prior to processing the change orders. |
| | | Total Unsupported Costs - Until Requested By Audit | \$203,800 | |
| C2011-149 | Tempe Town Lake Downstream Dam Replacement | Invoices paid with no detailed support | \$745 | No detailed support for travel expenses obtained by Engineering prior to paying invoice. |
| C2012-132 | Tempe Town Lake Downstream Dam Replacement | Invoices paid with no detailed support | \$980 | No detailed support for travel expenses obtained by Engineering prior to paying invoice. |

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| C2011-187 | Johnny G. Martinez Water Treatment Plant Water Quality Improvements Project. | Invoices paid with no detailed support | \$22,537 | Change order #12. The Landscaping vendor included labor and irrigation in the amount of \$101,735 and the contractor also charged \$22,537 for landscaping labor, there was no detailed support for the \$22,537. |
| C2011-80 | Tempe Town Lake Downstream Dam Replacement | Invoices paid with no detailed support | \$18,642 | No detailed support for sub consultant costs and other expenses obtained by Engineering prior to paying invoice. |
| C2011-184 | JOC Contract for Paving and Resurfacing of Streets and City Facilities. | No support for change order #1. | (\$1,114) | There was no support attached for change order #1 for (\$1,114). Per Engineering, the vendor did not charge everything on the final bill so a negative change order was processed to even out and close out the work order. This amount transferred back to the contingency fund. |
| | | Total Unsupported Costs-Support Never Provided | \$41,790 | |
| C2013-01 | Tempe Town Lake Downstream Dam Replacement | Paying contractor invoices without verifying labor rates charged. | \$1,249 underpayment to contractor | Contracted rate of \$95/hour for the "instrument person" was not contained in the contracted rates. Since the billing error was the vendor's fault, they agreed to maintain the billing as is and the City will not pay back the vendor. |
| C2011-184 | JOC Contract for Paving and Resurfacing of Streets and City Facilities. | Paying contractor invoices without verifying labor rates charged. | \$172 Underpayment by the City | There was no detailed support for labor or lab tests run for material testing. Requested support from the Engineering Department who requested from the vendor. In reviewing the support, the proposal showed a rate of \$54 per hour for the Field/Lab Technician and the vendor charged only \$50 per hour on the invoice. |

| Contract # | Project | Category | Amount | Notes |
|------------|------------------------|----------------------------|--------------|--|
| | | Total Underpayments | \$1,421 | |
| | | to Contractors | | |
| C2012-132 | Tempe Town Lake | Paying contractor | \$895 | The hourly rates in the contract were lower than the rates |
| | Downstream Dam | invoices without | overpayment | charged to the City on the contractor's invoice, resulting |
| | Replacement | verifying labor rates | by the City | in an overpayment by the City of \$895. |
| | | charged. | | |
| C2012-36 | Tempe Town Lake | Paying contractor | \$16,813 | Invoiced rates did not match contracted rates. After this |
| | Downstream Dam | invoices without | overpayment | was brought to Engineering's attention by Internal Audit, |
| | Replacement | verifying labor rates | by the City. | the contractor researched the discrepancy between the |
| | | charged. | | contracted rates and the invoiced rates and credited the |
| | | | | City with a refund of \$16,813. |
| C2011-187 | Johnny G. | | \$1,118 | The laundry room expense of \$564 was charged by the |
| | Martinez Water | | overpayment | contractor when the laundry room was excluded. |
| | Treatment Plant | | by the City | Additionally, the toilet partitions were doubled in price, |
| | Water Quality | | | should've been \$277 each, the contractor charged \$554 |
| | Improvements | | | each. |
| | Project. | | | |
| | | Total Overpayments | \$18,826 | |
| | | by the City | | |
| C2011-80 | Tempe Town Lake | Paying contractor | Undetermined | The Labor rates on the invoices do not match any of the |
| | Downstream Dam | invoices without | | contracted rates. It is difficult to determine what labor |
| | Replacement | verifying labor rates | | rates should have been charged because the rates in the |
| | | charged. | | contract are listed by job title and the invoices list staff |
| | | | | names. This was to be corrected going forward. |
| C2010-253 | Johnny G. | Paying contractor | Undetermined | The hourly detail was not attached on 8 of 31 payment |
| | Martinez Water | invoices without | if under or | requests for Task 3000 Construction and Post |
| | Treatment Plant | verifying labor rates | overpayment. | Construction time and material. Therefore, could not |
| | Water Quality | charged. | | determine if labor rates were properly charged. Going |
| | Improvements | | | forward Engineering will require the hourly detail. |
| | Project. | | | |

| Contra | ct# | Project | Category | Amount | Notes |
|--------------|-----|-----------------|-----------------------|--------------|--|
| C2011-46 | 6 | Johnny G. | Paying contractor | Undetermined | The hourly detail was not attached on 5 of 6 payment |
| | | Martinez Water | invoices without | if under or | requests . Per Engineering, the hours were being paid on a |
| | | Treatment Plant | verifying labor rates | overpayment. | lump sum not to exceed a certain amount. The contractor |
| | | Water Quality | charged. | | doesn't always provide the detail. Therefore, couldn't |
| | | Improvements | | | determine if labor rates were properly charged. Going |
| | | Project. | | | forward Engineering will require the hourly detail. |
| | | Johnny G. | Paying contractor | \$57,170 | There was no detailed support for PO#8180612 for |
| | | Martinez Water | invoices without | Undetermined | \$31,262 in labor rates and \$6,545 in lab fees. There was |
| | | Treatment Plant | verifying labor rates | if under or | no support for PO #8172756 \$16,269 in labor rates and |
| \downarrow | | Water Quality | charged. | overpaid | \$3,095 in lab fees. |
| | | Improvements | | | |
| | | Project. | | | |
| C2012-10 | 02 | Johnny G. | No support for change | \$9,283 | There was no supporting documentation for a credit of |
| | | Martinez Water | order #4. | Undetermined | \$9,283 that was applied to change order #4 . Per |
| | | Treatment Plant | | | Engineering, the credit was for old finish water pump |
| | • | Water Quality | | | motors metal scrap; however, there was no documentation |
| | | Improvements | | | supporting this. |
| | | Project. | | | |
| C2011-18 | 87 | Johnny G. | No support for change | \$1,872 | There were 12 change orders under this contract which |
| | | Martinez Water | order #5. | Undetermined | resulted in 8% over initial contract costs. There was no |
| | | Treatment Plant | | | invoice provided for a charge of \$1,872 and there was an |
| | | Water Quality | | | invoice attached for a different vendor for \$2,303 that |
| | | Improvements | | | didn't belong with this change order. |
| | | Project. | | | |
| C2011-18 | 87 | | Change order #7 | \$3,950 | Missing the proposal or invoice from a vendor in the |
| | | | | Undetermined | amount of \$3,950. |

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| C2011-187 | | Change order #12 | \$45,862 | Change order #12 totaled \$142,683; however, only |
| | | | Undetermined | \$96,821 was processed and there's a notation to charge |
| | | | | the remaining \$45,862 to allowance. Per the Engineer, |
| | | | | this credit was from payment #7A for this project which |
| | | | | shows a pending credit of +/-40K under owner's |
| | | | | allowance status. There was no notation of that anywhere |
| | | | | on payment 7A or change order #12. |
| C2011-187 | | Payment 7A | \$45,862 | Payment 7A did not include a notarized application and |
| | | | | certification for payment nor did it indicate that the credit |
| | | | * Same as | of \$45,862 was to be credited towards change order #12 |
| | | | above not | as noted above. |
| | | | included in | |
| | | Undetermined | total. | |
| | | | \$118,137 | |
| | | Whether an Over or Underpayment | | |
| C2011-187 | | Not allocating charges to | No financial | Authorization #2 charged \$47,831 against Permit Review |
| C2011-107 | | the appropriate | implication | Allowance for additional building modifications and |
| | | allowance as indicated in | mpneation | bathroom remodels. Per Engineering, authorizations were |
| | | the contract. | | being deducted from the sum of all allowances and not |
| | | Authorization #2 | | the assigned allowance. Engineering will now be |
| | | | | deducting and tracking the assigned allowances. |
| | | | | |
| C2011-187 | | Not allocating charges to | No financial | Authorization #3 charged \$15,892 against the Permit |
| | | the appropriate | implication | Review Allowance for plugging in existing 60 inch |
| | | allowance as indicated in | | diameter pipe. There was also \$19,784 charged against |
| | | the contract. | | the Reservoir Testing Allowance for Citect/PLC |
| | | Authorization #3 | | programming. Per Engineering, authorizations were being |
| | | | | deducted from the sum of all allowances and not the |
| | | | | assigned allowance. Engineering will now be deducting |
| | | | | and tracking the assigned allowances. |

| Contract # | Project | Category | Amount | Notes |
|------------|----------|---------------------------|--------------|--|
| C2011-187 | | Not allocating charges to | No financial | Authorization #5 charged \$35,768 against Permit Review |
| | | the appropriate | implication | Allowance for PAC Systems Modifications. Per |
| | | allowance as indicated in | | Engineering, authorizations were being deducted from the |
| | | the contract. | | sum of all allowances and not the assigned allowances; |
| | | Authorization #5 | | they will now be deducting and tracking the specific |
| | V | | | allowances. |
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